



**Billing Code 4210-67**

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**[Docket No. FR-5630-N-04]**

**Rental Assistance Demonstration: Processing of Conversion Requests Submitted Under the Partial Rental Assistance Demonstration Notice**

**AGENCY:** Office of the Assistant Secretary for Public and Indian Housing and Office of the Assistant Secretary for Housing-Federal Housing Commissioner, HUD.

**ACTION:** Notice.

**SUMMARY:** On March 8, 2012, at 77 FR 14029, HUD published in the Federal Register a notice announcing HUD's Rental Assistance Demonstration (RAD) program and the publication of PIH Notice 2012-18 on the RAD website, [www.hud.gov/rad](http://www.hud.gov/rad). RAD provides the opportunity to test the conversion of public housing and other HUD-assisted properties to long-term, project-based Section 8 rental assistance to achieve certain goals, including the preservation and improvement of these properties through access by public housing agencies (PHAs) and owners to private debt and equity to address immediate and long-term capital needs; the extent to which residents have increased housing choices after the conversion; and the overall impact of conversion on the subject properties. The March 8, 2012 PIH Notice 2012-18 announced partial implementation of the demonstration under the second component of RAD for properties assisted through the Rent Supplement (Rent Supp) and Rental Assistance Payment (RAP) Programs. This Federal Register notice published today provides additional instruction for RAD program participants that submitted conversion requests under the Partial Implementation Notice (PIH Notice 2012-18).

**DATES:** Effective Dates: This notice is effective **[Insert date of publication in the FEDERAL REGISTER]**. The Rental Assistance Demonstration, Partial Implementation and Request for Comments notice, PIH-2012-18, was effective March 8, 2012. The conversion of Rent Supp and RAP assistance under Section III of the Partial Implementation Notice (PIH Notice 2012-18) was effective on March 8, 2012. HUD subsequently issued the Final Notice (PIH Notice 2012-32) on July 26, 2012, which offered revised instructions for conversion of Rent Supp and RAP assistance. Owners eligible to continue the application process under Section III of PIH Notice 2012-18 pursuant to this notice must meet all submission requirements of PIH Notice 2012-18 on or before **[Insert date that is 45 days after date of publication in the FEDERAL REGISTER]** to be eligible for conversion of Rent Supp and RAP assistance under PIH Notice 2012-18.

**FOR FURTHER INFORMATION CONTACT:** To assure a timely response, please email direct requests for further information to: rad@hud.gov. Written requests may also be directed to the following address: Office of Public and Indian Housing—RAD Program, Department of Housing and Urban Development, 451 7th Street, SW, Room 2000; Washington, DC 20410.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

RAD, authorized by the Consolidated and Further Continuing Appropriations Act, 2012, (Public Law 112-55, signed November 18, 2011) (2012 Appropriations Act) allows for the conversion of assistance under the public housing, Rent Supp, RAP, and Moderate Rehabilitation (Mod Rehab) programs (collectively, “covered programs”) to long-term, renewable assistance under Section 8 of the United States Housing Act of 1937. As provided in the Federal Register

notice that HUD published on March 8, 2012, at 77 FR 14029, RAD has two separate components. This Federal Register notice applies only to the second component of RAD.

The second component of RAD, which is covered under Sections II and III of the Partial Implementation Notice (PIH Notice 2012-18), allows owners of projects funded under the Rent Supp, RAP and Mod Rehab programs with a contract expiration or termination occurring after October 1, 2006, and no later than September 30, 2013, to convert tenant protection vouchers (TPVs) to project-based vouchers (PBVs). There is no cap on the number of units that may be converted under this component of RAD and no requirement for competitive selection. While these conversions are not necessarily subject to current funding levels for each project or a unit cap similar to public housing conversions, the rents will be subject to rent reasonableness under the PBV program and are subject to the availability of overall appropriated amounts for TPVs.

## **II. Instructions for Processing of RAD conversion requests submitted under PIH Notice 2012-18, Rental Assistance Demonstration: Partial Implementation and Request for Comments**

PIH Notice 2012-18 authorized owners of Rent Supp and RAP properties to submit requests for conversion of assistance under the terms and conditions enumerated in that Notice. The Partial Implementation Notice (PIH Notice 21012-18) stated that “any Rent Supp or RAP projects that convert their assistance prior to the issuance of the Final Notice will be governed by the terms of this interim authority. Any subsequent conversions will be subject to any future instructions issued by HUD in the Final Notice.”

HUD received several written requests under the Partial Implementation Notice (PIH Notice 2012-18) to convert Rent Supp and RAP assistance under RAD prior to publication of the

Final Notice (PIH Notice 2012-32) on July 26, 2012. These requests involved prospective conversions – requests to convert assistance in anticipation of a triggering event (a contract expiration or mortgage prepayment). Several conversions were still in progress at the time of publication of the Final Notice on July 26, 2012. Those owners that submitted requests to HUD Multifamily field offices to convert assistance, and for which conversion processing was underway following publication of the Partial Implementation Notice (PIH Notice 2012-18), may proceed to complete RAD conversions under the terms and requirements of the Partial Implementation Notice (PIH Notice 2012-18), provided that the Multifamily field office received a written request and/or supplemental materials from the owner or owner’s representative to convert Rent Supp or RAP assistance to PBV assistance during the time period from March 8, 2012 (the date of publication of the Partial Implementation Notice (PIH Notice 2012-18)) through July 26, 2012 (the date of publication of the Final Notice (PIH Notice 2012-32)). The written request and/or supplemental materials submitted to the Multifamily field office during this time period must have included the following:

1. Information on the number of units proposed for the conversion and information on the triggering event (Rent Supp or RAP contract expiration or mortgage prepayment) anticipated prior to September 30, 2013; and

2. Evidence of owner actions completed, or in progress, to meet tenant notification and tenant comment requirements. Acceptable evidence includes one or more of the following: a draft tenant notification letter; written request to the Multifamily field office staff to schedule the required resident briefing; a copy of a dated tenant notification letter posted at the property, with a date during the period from March 8, 2012 through July 26, 2012; written confirmation that a resident briefing had been held during the period from March 8, 2012 through July 26, 2012; a

copy of a resident sign-in sheet from the required RAD tenant briefing; a listing of tenant comments received during the RAD resident comment period; and/or a written description of how the owner or owner's representative responded to these comments; and

3. Information on the owner or property's compliance with business practices, including at least one of the following: REAC score; Management and Occupancy Review rating; and/or information on proposed management agent or proposed purchaser.

If the above conditions are met, the Department will continue to work with the owner to process the conversion request under the terms and conditions of the Partial Implementation Notice (PIH Notice 2012-18). Such requests will be subject to a 45-day grace period. Owners must meet all submission requirements of PIH Notice 2012-18 within 45 calendar days following publication of this Federal Register notice, which is the date provided for this purpose under the "DATES" heading at the beginning of this notice.

Any RAD request that does not meet all submission requirements detailed in PIH Notice 2012-18 within this 45-day period will be rejected in writing. The owner shall have the option to submit a new RAD conversion request under the terms and requirements of the Final Notice, PIH Notice 2012-32.

To the extent that any submission requirements or deadlines in PIH Notice 2012-18 or PIH Notice 2012-32 are not consistent with this notice, this notice governs.

Dated: September 24, 2012

Sandra B. Henriquez, Assistant Secretary  
for Public and Indian Housing

Carol J. Galante,  
Acting Assistant Secretary for Housing—Federal Housing Commissioner

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